determines were not expended by the contractor in accordance with the agreements required to be contained in the application submitted by the contractor pursuant to section 4(c).

(2) OFFSET AGAINST CURRENT PAYMENTS.—If a contractor under section 1 fails to make a repayment required in paragraph (1), the Secretary may offset the amount of the repayment against the amount of any payment due to be paid under such section to the contractor.

(b) WITHHOLDING OF PAYMENTS.—

(1) IN GENERAL.—The Secretary may, subject to subsection (c), withhold *payments* due under section 1 if the Secretary determines that the contractor under such section is not expending payments received under such section in accordance with the agreements required to be contained in the application submitted by the contractor pursuant to section 4(c).

(2) TERMINATION OF WITHHOLDING.—The Secretary shall cease withholding payments under paragraph (1) if the Secretary determines that there are reasonable assurances that the contractor under section 1 will expend amounts received under such section in accordance with the agreements referred to in such paragraph.

(3) EFFECT OF MINOR NONCOMPLIANCE.—The Secretary may not withhold funds under paragraph (1) from the contractor under section 1 for a minor failure to comply with the agreements referred to in such paragraph.

(c) OPPORTUNITY FOR HEARING.—Before requiring repayment of payments under subsection (a)(l), or withholding payments under subsection (b)(l), the Secretary shall provide to the contractor under section 1 an opportunity for a hearing conducted within the State in which facilities are constructed pursuant to such section.

42 USC 289e note

SEC. 6. RECOVERY PROCEEDINGS FOR VIOLATION OF REQUIREMENT WITH RESPECT TO MINIMUM PERIOD OF BREEDING OF SPECIALIZED MICE.

(a) RIGHT OF RECOVERY.—If the contractor under section 1, or any transferee or purchaser under section 2, violates its obligation under such section (including any violation under subsection (c) of such section), the United States shall be entitled to recover an amount equal to the sum of—

(3) an amount determined in accordance with paragraph (1)(A) of subsection (b); and

(4) an amount determined in accordance with paragraph (2)(A) of such subsection.

(b) DETERMINATION OF AMOUNTS.—

(1) FEDERAL PERCENTAGE OF FAIR MARKET VALUE.—

(A) The amount referred to in paragraph (1) of subsection
(a) is the product of—
(i) an amount equal to the fair market value, during the period in which recovery is sought under subsection (a), of the facilities constructed pursuant to section 1, as determined in accordance with subparagraph (B); and
(ii) a percentage equal to the quotient of—
(I) the total amounts provided by the Federal Government for the construction of such facilities; divided by
(II) the total costs of the construction of such facilities.